

**OFFICE OF THE U.S. TRUSTEE - REGION 3**  
**MONTHLY OPERATING REPORT**

For the month ended March 31, 1998

**Debtor Name:** MobileMedia Corporation et al.

**Case Number:** 97-174 (PJW)

<b>Required Attachments:</b>	<b>Document Attached</b>	<b>Previously Submitted</b>	<b>Explanation Attached</b>
1. Tax Receipts	( )	(X)	(X)
2. Bank Statements	( )	( )	(X)
3. Most recently filed Income Tax Return	( )	(X)	( )
4. Most recent Annual Financial Statements prepared by accountant	( )	(X)	( )

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

**RESPONSIBLE PARTY:**

David R. Gibson /K.P.  
SIGNATURE OF RESPONSIBLE PARTY

Senior Vice President/Chief Financial Officer  
TITLE

David R. Gibson  
PRINTED NAME OF RESPONSIBLE PARTY

April 27, 1998  
DATE

**OFFICE OF THE U.S. TRUSTEE - REGION 3**  
**ATTACHMENT**

**For the month ended March 31, 1998**

**Debtor Name: MobileMedia Corporation et al.**

**Case Number: 97-174 (PJW)**

- 
1. Payroll tax filings and payments are made by Automated Data Processing, Inc. (an outside payroll processing company). Evidence of tax payments are available upon request. Previously, the Debtors filed copies of such evidence for the third quarter of 1996 with the US Trustee.

Please see the Status of Post Petition Taxes attached hereto for the month's activity.

2. The Debtors have 52 bank accounts. In order to minimize costs to the estate, the Debtors have included a GAAP basis Statement of Cash Flows in the Monthly Operating Report. The Statement of Cash Flows replaces the listing of cash receipts and disbursements, copies of the bank statements, and bank account reconciliations.

**OFFICE OF THE U.S. TRUSTEE - REGION 3**  
**CONDENSED CONSOLIDATED**  
**STATEMENT OF OPERATIONS**  
**For the month ended March 31, 1998**

**Debtor Name:** MobileMedia Corporation et al.

**Case Number:** 97-174 (PJW)

---

See Statement of Operations for reporting period attached.

**For the month ended March 31, 1998**

**Case Number: 97-174 (PJW)**

Page 11 of 18

**HEADNOTES:**

These financial statements have not been prepared in accordance with GAAP because Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets, to be Disposed of" ("SFAS 121") has not been applied. Upon the application of SFAS 121, the Company expects to be required to write down the carrying value of its long-lived assets to their fair value. The Company believes the amount of the write-down will be material; however, it is not possible at this time to determine such amount. There could also be additional year end audit adjustments and adjustments to certain other accounts as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

(1) March 1998 Service, Rents & Maintenance Revenue and General & Administrative Expense include the favorable impact of quarter end adjustments to the allowance for doubtful accounts. The adjustments reflect the improvement in the Company's billing and collection processes. Billing reserves recorded against revenue included in Services, Rents & Maintenance Revenue, were \$(0.8), \$1.7 and \$1.8 million, respectively, in March, February and January. Bad debt expense included in General & administrative expense was \$(0.8), \$1.6 and \$1.5 million, respectively, in March, February and January.

**MobileMedia Corporation and Subsidiaries**  
**Consolidated Statements of Operations**  
**For the Quarter Ended March 31, 1998 and for the Months Ended**  
**March 31, 1998, February 28, 1998 and January 31, 1998**  
(Unaudited )  
(in thousands )

	1st Qtr 1998	March 1998	February 1998	January 1998
<b>Paging Revenues</b>				
Service, Rents & Maintenance	\$108,542	\$37,103 (1)	\$35,198	\$36,241
<b>Equipment Sales</b>				
Product Sales	6,621	2,251	2,137	2,233
Cost of Products Sold	5,513	1,806	1,671	2,037
Equipment Margin	1,107	445	466	196
<b>Net Revenue</b>	109,650	37,548	35,664	36,437
<b>Operating Expense</b>				
Service, Rents & Maintenance	28,899	9,475	9,615	9,809
Selling	15,703	5,483	5,113	5,106
General & Administrative	34,911	9,979 (1)	12,305	12,627
Operating Expense Before Depr. & Amort.	79,512	24,937	27,034	27,542
EBITDA Before Reorganization Costs	30,137	12,612	8,630	8,895
Reorganization Costs	4,558	1,518	1,444	1,595
EBITDA after Reorganization Costs	25,580	11,093	7,186	7,300
Depreciation	24,194	7,897	7,770	8,527
Amortization	24,735	8,245	8,245	8,246
Total Depreciation and Amortization	48,929	16,142	16,015	16,773
<b>Operating Loss</b>	(23,349)	(5,049)	(8,829)	(9,472)
<b>Interest Expense</b>	14,626	4,913	4,576	5,138
Other Expense	(1)	0	0	(1)
Tax	0	(83)	42	42
<b>Net Loss</b>	(\$37,974)	(\$9,878)	(\$13,446)	(\$14,630)

See Accompanying Notes.

**OFFICE OF THE U.S. TRUSTEE - REGION 3**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

**For the month ended March 31, 1998**

**Debtor Name:** MobileMedia Corporation et al.

**Case Number:** 97-174 (PJW)

---

See balance sheet attached.

# **HEADNOTES:**

These financial statements have not been prepared in accordance with GAAP because Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets, to be Disposed of" ("SFAS 121") has not been applied. Upon the application of SFAS 121, the Company expects to be required to write down the carrying value of its long-lived assets to their fair value. The Company believes the amount of the write-down will be material; however, it is not possible at this time to determine such amount. There could also be additional year end audit adjustments and adjustments to certain other accounts as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

(1) Certain balance sheet reclassifications have been made to reflect year end audit adjustments.

## **MobileMedia Corporation and Subsidiaries** **Consolidated Balance Sheets** **As of March 31, 1998, February 28, 1998 and January 31, 1998** **(Unaudited)** **(In thousands)**

	March 1998	February 1998 (1)	January 1998 (1)
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash	\$15,608	\$4,701	\$4,837
Accounts Receivable, Net	44,192	47,261	49,614
Inventory	461	609	713
Prepaid Expenses	4,381	5,072	5,070
Other Current Assets	5,198	5,182	5,039
<b>Total Current Assets</b>	<b>69,839</b>	<b>62,825</b>	<b>65,272</b>
<b>Noncurrent Assets:</b>			
Property and Equipment, Net	238,597	245,385	251,069
Deferred Financing Fees, Net	22,028	22,332	22,636
Investment In Net Assets Of Equity Affiliates	1,766	1,766	1,766
Intangible Assets, Net	982,199	990,411	998,623
Other Assets	475	495	528
<b>Total Noncurrent Assets</b>	<b>1,145,065</b>	<b>1,260,389</b>	<b>1,274,622</b>
<b>Total Assets</b>	<b>\$1,314,904</b>	<b>\$1,323,213</b>	<b>\$1,339,894</b>
<b>Liabilities and Stockholders' Equity:</b>			
<b>Liabilities Not Subject to Compromise:</b>			
DIP Credit Facility	\$0	\$0	\$3,000
Accrued Reorganization Costs	5,039	5,486	6,078
Accrued Wages, Bonofits and Payroll Taxes	14,974	13,302	13,085
Accounts Payable - Post Petition	2,356	1,921	1,491
Accrued Interest (Chase & DIP Facilities)	4,630	4,280	4,765
Accrued Expenses and Other Current Liabilities	34,555	35,152	34,445
Advance Billings and Customer Deposits	34,600	34,467	34,939
<b>Total Liabilities Not Subject To Compromise</b>	<b>96,154</b>	<b>94,607</b>	<b>97,808</b>
<b>Liabilities Subject to Compromise:</b>			
Accrued Wages, Benefits and Payroll Taxes	3,093	3,093	3,093
Chase Credit Facility	649,000	649,000	649,000
Notes Payable - 10 1/2%	174,125	174,125	174,125
Notes Payable - 9 3/8%	250,000	250,000	250,000
Notes Payable - Yampel	986	986	986
Notes Payable - Dial Page 12 1/4%	1,570	1,570	1,570
Accrued Interest On Notes Payable	20,423	20,423	20,423
Accounts Payable- Pre Petition	19,694	19,694	19,694
Accrued Expense and Other Current Liabilities - Pre Petition	21,518	21,519	21,520
Other Liabilities	4,769	4,745	4,783
<b>Total Liabilities Subject To Compromise</b>	<b>1,148,178</b>	<b>1,148,155</b>	<b>1,148,194</b>
<b>Deferred Tax Liability</b>	<b>72,097</b>	<b>72,097</b>	<b>72,097</b>
<b>Stockholders' Equity</b>			
Class A Common Stock	39	39	39
Class B Common Stock	2	2	2
Additional Paid-In Capital	671,459	671,459	671,459
Accumulated Deficit - Pre Petition	(437,127)	(437,127)	(437,127)
Accumulated Deficit - Post Petition	(226,776)	(216,897)	(203,453)
<b>Total Stockholders' Equity</b>	<b>7,598</b>	<b>17,477</b>	<b>30,928</b>
<b>Less:</b>			
Treasury Stock	(6,123)	(6,123)	(6,123)
<b>Total Stockholders' Equity</b>	<b>1,475</b>	<b>11,354</b>	<b>24,797</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$1,314,904</b>	<b>\$1,323,213</b>	<b>\$1,339,894</b>

See Accompanying Notes

### **Footnotes to the Financial Statements:**

1. These financial statements have not been prepared in accordance with GAAP because Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets, to be Disposed Of" ("SFAS 121") has not been applied. Upon the application of SFAS 121, the Company expects to be required to write down the carrying value of its long-lived assets to their fair value. The Company believes the amount of the write-down will be material; however, it is not possible at this time to determine such amount. There could also be additional year end audit adjustments and adjustments to certain other accounts as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

In March 1995, the Financial Accounting Standards Board issued SFAS 121, which is effective for financial statements for fiscal years beginning after December 15, 1995. Under certain circumstances, SFAS 121 requires companies to write down the carrying value of long-lived assets recorded in the financial statements to the fair value of such assets. A significant amount of the assets of the Company, which were acquired as a result of the acquisitions of businesses, including the Dial Page and MobileComm acquisitions, were recorded in accordance with principles of purchase accounting at acquisition prices and constitute long-lived assets. The Company has determined, and its independent auditors have concurred, that SFAS 121 is applicable to the Company, and therefore the Company expects to be required to write down the carrying value of its long-lived assets to their fair value. The Company believes the amount of the write down will be material; however, it is not possible at this time to determine such amount. Since the Company cannot comply with SFAS 121 at this time, it is unable to issue audited financial statements in compliance with generally accepted accounting principles. Consequently, the Company will not file its Report on Form 10-K or its other periodic reports under the Securities Exchange Act of 1934, as amended.

2. On January 30, 1997 (the "Filing Date"), MobileMedia Corporation (the "Company"), MobileMedia Communications, Inc. ("MobileMedia Communications") and all seventeen of MobileMedia Communications' subsidiaries (collectively with the Company and MobileMedia Communications, the "Debtors"), filed for protection under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors are operating as debtors-in-possession and are subject to the jurisdiction of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

The Bankruptcy Court has authorized the debtors to pay certain pre-petition creditors. These permitted pre-petition payments include: (i) employee salary and wages; (ii) certain employee benefits and travel expenses; (iii) certain amounts owing to essential vendors; (iv) trust fund type sales and use taxes; (v) trust fund payroll taxes; (vi) property taxes; (vii) customer refunds; and (viii) customer rewards.



*Footnotes to the Financial Statements (continued):*

On January 27, 1998, the Company filed its Joint Plan of Reorganization with the Bankruptcy Court. On February 2, 1998, the Company filed its Disclosure Statement with the Bankruptcy Court. The Debtors are continuing to discuss the Plan for the stand-alone reorganization of the Debtors with the Steering Committee for the Debtors' secured creditors and with the Official Committee of Unsecured Creditors, and the Debtors and such Committees also are considering certain possible business combinations involving the Debtors under a plan of reorganization. Accordingly, the Debtors and such Committees agreed to adjourn a hearing concerning the adequacy of information contained in the Disclosure Statement that had been scheduled for April 14, 1998. There can be no assurance that the parties will reach agreement on a plan of reorganization or that any business combination will be effected.

3. Since the Filing Date, the Debtors have continued to manage their business as debtors-in-possession under sections 1107 and 1108 of the Bankruptcy Code. During the pendency of the Chapter 11 cases, the Bankruptcy Court has jurisdiction over the assets and affairs of the Debtors, and their continued operations are subject to the Bankruptcy Court's protection and supervision. The Debtors have sought, obtained, and are in the process of applying for, various orders from the Bankruptcy Court intended to stabilize and reorganize their business and minimize any disruption caused by the Chapter 11 cases.
4. March 1998 Service, Rents & Maintenance Revenue and General & Administrative Expense include the favorable impact of quarter end adjustments to the allowance for doubtful accounts. The adjustments reflect the improvement in the Company's billing and collection processes. Billing reserves recorded against revenue included in Service, Rents & Maintenance Revenue, were \$(0.8), \$1.7 and \$1.8 million, respectively, in March, February and January. Bad debt expense included in General & Administrative Expense was \$(0.8), \$1.6 and \$1.5 million, respectively, in March, February and January.
5. Certain balance sheet reclassifications have been made to reflect year end audit adjustments.
6. The Company is one of the largest paging companies in the U.S., with approximately 3.3 million units in service at March 31, 1998, and offers local, regional and national paging services to its subscribers. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The Company's business is conducted primarily through the Company's principal operating subsidiary, MobileMedia Communications, and its subsidiaries. The Company markets its services primarily under the "MobileComm" brand name. All significant intercompany accounts and transactions have been eliminated.

**Footnotes to the Financial Statements (continued):**

7. As previously announced in its September 27, 1996 and October 21, 1996 releases, the Company discovered misrepresentations and other violations which occurred during the licensing process for as many as 400 to 500, or approximately 6% to 7%, of its approximately 8,000 local transmission one-way paging stations. The Company caused an investigation to be conducted by its outside counsel, and a comprehensive report regarding these matters was provided to the FCC in the fall of 1996. In cooperation with the FCC, outside counsel's investigation was expanded to examine all of the Company's paging licenses, and the results of that investigation were submitted to the FCC on November 8, 1996. As part of the cooperative process, the Company also proposed to the FCC that a Consent Order be entered which would result, among other things, in the return of certain local paging authorizations then held by the Company, the dismissal of certain pending applications for paging authorizations, and the voluntary acceptance of a substantial monetary forfeiture.

On January 13, 1997, the FCC issued a Public Notice relating to the status of certain FCC authorizations held by the Company. Pursuant to the Public Notice, the FCC announced that it had (i) automatically terminated approximately 185 authorizations for paging facilities that were not constructed by the expiration date of their construction permits and remained unconstructed, (ii) dismissed approximately 94 applications for fill-in sites around existing paging stations (which had been filed under the so-called "40-mile rule") as defective because they were predicated upon unconstructed facilities and (iii) automatically terminated approximately 99 other authorizations for paging facilities that were constructed after the expiration date of their construction permits. With respect to the approximately 99 authorizations where the underlying station was untimely constructed, the FCC granted the Company interim operating authority subject to further action by the FCC.

On April 8, 1997, the FCC adopted an order commencing an administrative hearing into the qualification of the Company to remain a licensee. The order directed an Administrative Law Judge to take evidence and develop a full factual record on directed issues concerning the Company's filing of false forms and applications. The Company was permitted to operate its licensed facilities and provide service to the public during the pendency of the hearing.

On June 6, 1997, the FCC issued an order staying the hearing proceeding for ten months in order to allow the Company to develop and consummate a plan of reorganization that provides for a change of control of the Company and a permissible transfer of the Company's FCC licenses. The order, which is based on an FCC doctrine known as *Second Thursday*, provides that if there is a change of control that meets the conditions of *Second Thursday*, the Company's FCC issues will be resolved by the transfer of the Company's FCC licenses to the new owners of the Company and the hearing will not proceed. The Company believes that a reorganization plan that provides for either a conversion of certain existing debt to equity, in which case existing MobileMedia shares will be substantially diluted

*Footnotes to the Financial Statements (continued):*

or eliminated or a sale of the Company will result in a change of control. The Company filed its Joint Plan of Reorganization with the Bankruptcy Court on January 27, 1998, which provides for such a change of control. The Company believes that the Joint Plan of Reorganization will meet the conditions of *Second Thursday* if consummated, but there can be no assurance that the Joint Plan of Reorganization will be consummated (see footnote 2). The Company has requested that the FCC grant an extension of the order staying the hearing for an additional six months to October 6, 1998. In the event that the Company were unable to consummate a Plan of Reorganization that satisfies the conditions of *Second Thursday*, or should the FCC not grant an extension of the stay of the hearing, the Company would be required to proceed with the hearing, which, if adversely determined, could result in the loss of the Company's licenses or substantial monetary fines, or both. Such an outcome would have a material adverse effect on the Company's financial condition and results of operations.

**HEADNOTES:**

*These financial statements have not been prepared in accordance with GAAP because Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets, to be Disposed of" ("SFAS 121") has not been applied. Upon the application of SFAS 121, the Company expects to be required to write down the carrying value of its long-lived assets to their fair value. The Company believes the amount of the write-down will be material; however, it is not possible at this time to determine such amount. There could also be additional year end audit adjustments and adjustments to certain other accounts as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.*

*(1) Certain reclassifications have been made to reflect year end audit adjustments.*

**MobileMedia Corporation and Subsidiaries**  
**Consolidated Statements Of Cash Flows**  
**For The Months Ended March 31, 1998, February 28, 1998 and January 31, 1998**  
(Unaudited)  
(in thousands)

	<u>March 1998</u>	<u>February 1998 (1)</u>	<u>January 1998 (1)</u>
<b>Operating Activities</b>			
Net Loss	(\$9,878)	(\$13,446)	(\$14,650)
Adjustments To Reconcile Net Loss To Net Cash Provided By (Used In) Operating Activities:			
Depreciation And Amortization	16,142	16,015	16,773
Provision For Uncollectible Accounts And Returns	(1,619)	3,300	3,300
Undistributed Earnings Of Affiliate	0	0	23
Deferred Financings Fees, Net	304	304	304
Change In Operating Assets and Liabilities:			
Accounts Receivable	4,688	(946)	(929)
Inventory	149	103	155
Prepaid Expenses And Other Assets	662	(145)	(2,219)
Accounts Payable, Accrued Expenses and Other	1,569	(235)	(181)
Net Cash Provided By (Used In) Operating Activities	<u>12,017</u>	<u>4,958</u>	<u>2,576</u>
<b>Investing Activities</b>			
Construction And Capital Expenditures, Including Net Change In Payer Assets	<u>(1,110)</u>	<u>(2,085)</u>	<u>(1,659)</u>
Net Cash Used In Investing Activities	<u>(1,110)</u>	<u>(2,085)</u>	<u>(1,659)</u>
<b>Financing Activities</b>			
Borrowings (Repayments) of DIP Credit Facility	<u>0</u>	<u>(3,000)</u>	<u>(7,000)</u>
Net Cash Provided By (Used In) Financing Activities	<u>0</u>	<u>(3,000)</u>	<u>(7,000)</u>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<u>10,907</u>	<u>(135)</u>	<u>(6,083)</u>
Cash And Cash Equivalents At Beginning Of Period	<u>4,701</u>	<u>4,837</u>	<u>10,920</u>
Cash And Cash Equivalents At End Of Period	<u><u>\$15,608</u></u>	<u><u>\$4,701</u></u>	<u><u>\$4,837</u></u>

See Accompanying Notes

**OFFICE OF THE U.S. TRUSTEE - REGION 3**  
**STATEMENT OF ACCOUNTS RECEIVABLE AGING AND**  
**AGING OF POSTPETITION ACCOUNTS PAYABLE**

For the month ended March 31, 1998

**Debtor Name:** MobileMedia Corporation et al.

**Case Number:** 97-174 (PJW)

<b>ACCOUNTS RECEIVABLE AGING</b>		
	\$ 22,946,676	0 - 30 days old
	16,407,866	31 - 60 days old
	8,531,768	61 - 90 days old
	18,874,586	91+ days old
	66,760,896	TOTAL TRADE ACCOUNTS RECEIVABLE
	( 23,139,667)	ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS
	43,621,229	TRADE ACCOUNTS RECEIVABLE (NET)
	570,325	OTHER NON-TRADE RECEIVABLES
	\$ 44,191,554	ACCOUNTS RECEIVABLE, NET

<b>AGING OF POSTPETITION ACCOUNTS PAYABLE</b>					
	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
<b>ACCOUNTS PAYABLE</b>	\$ 2,101,904	254,099	0	0	\$ 2,356,003

**OFFICE OF THE U.S. TRUSTEE - REGION 3**  
**STATEMENT OF OPERATIONS, TAXES,**  
**INSURANCE AND PERSONNEL**

For the month ended March 31, 1998

**Debtor Name:** MobileMedia Corporation et al.

**Case Number:** 97-174 (PJW)

**STATUS OF POSTPETITION TAXES**

	<b>BEGINNING TAX LIABILITY</b>	<b>AMOUNT WITHHELD OR ACCRUED</b>	<b>AMOUNT PAID</b>	<b>ENDING TAX LIABILITY</b>	<b>DELINQUENT TAXES</b>
<b>FEDERAL</b>					
WITHHOLDING	\$ 10,344	\$ 1,108,447	\$ 1,109,444	\$ 9,347	\$ 0
FICA-EMPLOYEE	0	20,688	0	20,688	0
FICA-EMPLOYER	158,788	1,495,460	1,432,301	221,947	0
UNEMPLOYMENT	11,606	53,028	53,034	11,600	0
INCOME	0	0	0	0	0
<b>TOTAL FEDERAL TAXES</b>	<b>180,738</b>	<b>2,677,623</b>	<b>2,594,779</b>	<b>263,582</b>	<b>0</b>
<b>STATE AND LOCAL</b>					
WITHHOLDING	7,927	191,938	181,825	18,040	0
SALES	686,692	1,175,511	1,157,181	705,022	0
UNEMPLOYMENT	46,590	213,807	202,647	57,750	0
REAL PROPERTY	4,779,002	383,695	0	5,162,697	0
OTHER	847,052	110,486	1,158,549	(201,011)	0
<b>TOTAL STATE AND LOCAL</b>	<b>6,367,263</b>	<b>2,075,437</b>	<b>2,700,202</b>	<b>5,742,498</b>	<b>0</b>
<b>TOTAL TAXES</b>	<b>\$ 6,548,001</b>	<b>\$ 4,753,060</b>	<b>\$ 5,294,981</b>	<b>\$ 6,006,080</b>	<b>\$ 0</b>

**PAYMENTS TO INSIDERS AND PROFESSIONALS****For the month ended March 31, 1998****INSIDERS**

<b>Payee Name</b>	<b>Position</b>	<b>Salary/Bonus/ Auto Allowance</b>	<b>Reimbursable Expenses</b>	<b>Total</b>
<b>Alvarez &amp; Marsal Inc. - Joseph A. Bondi</b>	<b>Chairman - Restructuring</b>	<b>\$ 57,153</b>	<b>\$ -</b>	<b>\$ 57,153</b>
<b>Boykin, Roberta</b>	<b>Assistant Corporate Counsel</b>	<b>8,800</b>	<b>-</b>	<b>8,800</b>
<b>Burdette, H. Stephen</b>	<b>Senior VP Corporate Development and Senior VP Operations</b>	<b>15,000</b>	<b>2,052</b>	<b>17,052</b>
<b>Cross, Andrew</b>	<b>Executive VP Sales and Marketing</b>	<b>17,500</b>	<b>8,370</b>	<b>25,870</b>
<b>Grawert, Ron</b>	<b>Chief Executive Officer</b>	<b>30,769</b>	<b>8,037</b>	<b>38,806</b>
<b>Gray, Patricia</b>	<b>Secretary/Acting General Counsel</b>	<b>13,085</b>	<b>609</b>	<b>13,694</b>
<b>Gross, Steven</b>	<b>Senior VP Strategic Planning</b>	<b>14,865</b>	<b>1,418</b>	<b>16,283</b>
<b>Hilson, Debra</b>	<b>Assistant Secretary</b>	<b>4,662</b>	<b>2,747</b>	<b>7,409</b>
<b>Hughes, Curtis</b>	<b>Assistant VP Mgmt. Information Systems</b>	<b>9,856</b>	<b>1,897</b>	<b>11,753</b>
<b>Pascucci, James</b>	<b>Treasurer</b>	<b>8,469</b>	<b>1,049</b>	<b>9,518</b>
<b>Panzella, Vito</b>	<b>VP / Controller</b>	<b>8,846</b>	<b>-</b>	<b>8,846</b>
<b>Witsaman, Mark</b>	<b>Senior VP and Chief Technology Officer</b>	<b>15,269</b>	<b>2,971</b>	<b>18,240</b>
<b>TOTAL PAYMENTS TO INSIDERS</b>				<b>\$ 233,424</b>

**PAYMENTS TO INSIDERS AND PROFESSIONALS (Continued)****For the month ended March 31, 1998**

<b>PROFESSIONALS</b>				
<b>Name and Relationship</b>	<b>Date of Court Approval</b>	<b>Invoices Received (1)</b>	<b>Invoices Paid</b>	<b>Holdback and Invoice Balances Due</b>
1. Ernst & Young - Auditor, Tax and Financial Consultants to Debtor	1/30/97	\$ 868,502	\$ 163,541	\$ 968,147
2. Latham & Watkins - Counsel to Debtor	1/30/97	10,383	53,371	30,319
3. Alvarez & Marsal Inc.- Restructuring Consultant to Debtor (2)	1/30/97	217,114	169,967	583,966
4. Sidley & Austin - Bankruptcy Counsel to Debtor	1/30/97	672,929	289,672	831,085
5. Young, Conway, Stargate & Taylor - Delaware Counsel to Debtor	1/30/97	-	-	13,992
6. Wiley, Rein & Fielding - FCC Counsel to Debtor	1/30/97	48,577	40,807	120,739
7. Koteen & Naftalin - FCC Counsel to Debtor	6/11/97	-	-	3,945
8. Houlihan, Lokey, Howard & Zukin - Advisors to the Creditors' Committee	6/04/97	-	131,771	30,000
9. Jones, Day, Reavis & Pogue - Counsel to the Creditors' Committee	4/03/97	25,799	13,136	37,750
10. Morris, Nichols, Arsht & Tunnell - Delaware Counsel to the Creditors' Committee	4/03/97	3,830	1,490	4,127
11. Paul, Weiss, Rifkind, Wharton & Garrison - FCC Counsel to the Creditors' Committee	4/25/97	1,933	1,649	3,270
12. The Blackstone Group LP - Financial Advisors to Debtor	7/10/97	-	400,000	100,000
13. Gerry, Friend & Saprnov, LLP. - Counsel to Debtor	10/27/97	109,084	100,981	157,299
<b>TOTAL</b>		<b>\$ 1,958,151</b>	<b>\$ 1,366,385</b>	<b>\$ 2,884,639</b>

(1) Excludes invoices for fees and expenses through March 31, 1998 that were received by the Debtors subsequent to March 31, 1998.

(2) Includes fees and expenses for David R. Gibson, Senior Vice President and Chief Financial Officer (effective June 24, 1997).



**ADEQUATE PROTECTION PAYMENTS****For the month ended March 31, 1998**

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
The Chase Manhattan Bank - (Interest)	\$ 4,608,825	\$ 4,608,825*	\$ 0

\* Payment made on 4/1/98.

**QUESTIONNAIRE****For the month ended March 31, 1998**

	YES	NO
1. Have any assets been sold or transferred outside the normal course of business this reporting period?		No
2. Have any funds been disbursed from any account other than a debtor in possession account?		No
3. Are any postpetition receivables (accounts, notes, or loans) due from related parties?		No
4. Have any payments been made of prepetition liabilities this reporting period?	Yes	
5. Have any postpetition loans been received by the debtor from any party?		No
6. Are any postpetition payroll taxes past due?		No
7. Are any postpetition state or federal income taxes past due?		No
8. Are any postpetition real estate taxes past due?		No
9. Are any postpetition taxes past due?		No
10. Are any amounts owed to postpetition creditors past due?		No
11. Have any prepetition taxes been paid during the reporting period?	Yes	
12. Are any wage payments past due?		No

If the answer to any of the above questions is "YES", provide a detailed explanation of each item.

Item 4 & 11. The Court has authorized the Debtors to pay certain pre-petition creditors. These permitted pre-petition payments include (i) employee salary and wages; (ii) certain employee benefits and travel expenses; (iii) certain amounts owing to essential vendors; (iv) trust fund type sales and use taxes; (v) trust fund payroll taxes; (vi) customer refunds; and (vii) customer rewards.

Item 5. During the month of February 1997, the Debtors drew down \$45 million of borrowings under the DIP facility with The Chase Manhattan Bank, as agent for the lenders thereunder. During the months of March and April 1997, the Debtors repaid \$25 million and \$5 million, respectively, of borrowings under the DIP facility. The Debtors drew down an additional \$2 million under the DIP facility during the month of August and repaid \$5 million, \$2 million, \$7 million and \$3 million of borrowings under the DIP facility during the months of October 1997, December 1997, January 1998 and February 1998 respectively. As of March 31, 1998 there were no funded borrowings under the DIP facility and a \$0.5 million letter of credit issued in 1997 remained a contingent obligation of the Debtors under the DIP facility.

**INSURANCE****For the month ended March 31, 1998****There were no changes in insurance coverage for the reporting period.****PERSONNEL****For the month ended March 31, 1998**

	Full Time	Part Time
1. Total number of employees at beginning of period	3,371	39
2. Number of employees hired during the period	13	2
3. Number of employees terminated or resigned during the period	55	7
4. Total number of employees on payroll at end of period	3,329	34